

Congress of the United States
Washington, DC 20515

March 20, 2006

James H. Lambright
Acting President and Chairman
Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, DC 20571

Dear Mr. Lambright: —

We would like to bring your attention to an application that will soon come before the Export-Import ("Ex-Im") Bank Board of Directors to finance the purchase of refurbished locomotives to a soda ash facility in Kenya. We strongly urge you and the other members of the Board of Directors to carefully consider the lasting economic impact of this transaction on the U.S. soda ash industry and to reject this application for \$14.4 million in financing.

The U.S. soda ash industry is an important engine of jobs and economic growth in our state of Wyoming. Soda ash, which is a primary raw material in the manufacture of glass and detergents, is America's largest inorganic chemical export. In 2005, the United States produced approximately 4.5 million metric tons for export, at a value of \$610 million. The United States produces approximately 11 million metric tons of soda ash annually, of which about 42 percent is exported. With U.S. soda ash demand essentially flat for the past 20 years and for the foreseeable future, export markets represent the only viable outlet for future growth.

Unfortunately, U.S. exports of soda ash are impeded by a number of factors, from high transportation costs to foreign trade barriers. The addition of 325,000 metric tons of soda ash from this Kenyan facility would severely harm the U.S. industry. As you may know, a large portion of this new soda ash will be headed towards Southeast Asia. The influx of new supply will depress world prices. We understand that the combined economic impact to the industry could approach \$70 million in annual losses, at current world prices, which far exceeds the amount of the one-time purchase.

It is our understanding that the economic impact analysis will only look at the burden on the U.S. economy over six years. We urge the Board to consider the fact that the negative impact of this application on the U.S. economy will occur for far more than six years.

In addition, because Wyoming supplies 90 percent of America's soda ash and 23 percent of the world's soda ash, the negative effects felt by the domestic industry as a result of Ex-Im's approval of the application will be targeted and severe in Southwest Wyoming.

Wyoming's trona producing plants are located in Sweetwater County between two Wyoming towns - Rock Springs and Green River. Sweetwater County's small population is supported primarily by the trona industry. Four of Sweetwater County's six top employers are soda ash producing companies: FMC Wyoming Corporation, General Chemical Company, OCI Wyoming, and Solvay Minerals. Collectively, these companies employ about 2,220 engineers, equipment operators, foremen, project managers, and others in and around Rock Springs and Green River.

The soda ash industry not only employs the most people in Sweetwater County, but it also pays some of the highest wages. An average worker in one of the trona mines earns about \$70,000 annually. In comparison, the average annual pay for the community is closer to \$40,000. Any reduction in trona-related jobs in Sweetwater County results in families and individuals moving out of the southwest region of Wyoming due to the inelasticity of the county's labor market.

However, the stability of this industry in southwest Wyoming affects not just the economic health of the families it employs. There are, in fact, substantial economic ramifications for the economy of Sweetwater County itself. In a county with approximately 37,600 residents and a state with just over 500,000 citizens, any strain on this critical industry would severely reduce the tax resources to both the state and local entities. In 2005, soda ash production in this region yielded approximately \$8 million in severance taxes to the state.


Wyoming does not collect a state income tax from its residents and is therefore dependent upon mineral severance taxes, sales taxes and property taxes to fund everything from our state's only university to local schools, roads, fire and police departments and other critical elements of our social and physical infrastructure. We are extremely concerned that, if approved, the pending application before the Ex-Im Bank has the unintended potential to further distress one of the critical pillars of our state's economy and all but eliminate a vital tax base for two Wyoming towns.

In short, Ex-Im Bank should not promote the expansion of an export competitor of the United States. Doing so would only worsen the difficulties facing the U.S.

industry and add to mounting losses of good-paying jobs in our communities. For these reasons, we urge the Board of Directors to deny the application to finance refurbished locomotives for the Magadi Soda Company.

Sincerely,


Craig Thomas
United States Senator


Michael B. Enzi
United States Senator


Barbara Cubin
Member of Congress